

## MILTON BRICK CO. LIMITED

## ANNUAL REPORT

For Year Ended December 31, 1966



## To our Shareholders

It is most gratifying to be able to report that the year 1966 (Our EIGHTY-EIGHTH year of operations) was one of continuing progress for your Company. NET PROFITS reached a NEW HIGH of \$216,100.54. This is equivalent to 39½¢ per share. In contrast, the net profits in 1965 were \$185,481.00, which amounted to 34¢ per share.

GROSS EARNINGS before depreciation and taxes were \$371,123.00, as against \$319,981.00 in 1965.

The INCREASE in NET PROFITS amounted to some 17%. These figures are even more satisfactory than those we were counting on at this time a year ago.

Your Company's WORKING CAPITAL POSITION, including securities (after provision for all current liabilities) was STRENGTHENED FURTHER and now stands at approximately \$915,000.00. The ratio of Current Assets to Current Liabilities is 7.4 to 1.

As you are aware, the rate of DIVIDEND PAYMENTS was INCREASED on two occasions during the past year.

DIVIDENDS are currently being paid at the rate of 6¼¢ quarterly. Should our sales continue along the favourable course established during the first months of the current year, your Board of Directors would be in a position to consider a further modest INCREASE in the dividend rate later on this year. Your Board is proud of the fact that dividends, which were started in 1950, have been paid on a CONSISTENT basis since that time and on a gradually rising scale.

GENERAL

Your company's very favourable financial position has enabled your Board of Directors to consider the possibility of expanding by way of acquisitions. To this end, your Board is continually examining prospective acquisitions as they are brought to its attention. However, you may rest assured that no decision in this connection will be made by your Board until it is quite satisfied that any new assets purchased would result in an appreciable increase in earnings. Our aim is to increase the manufacturing base and strengthen and broaden the product lines now handled by the Company.

In line with this acquisition programme your Board made a bid to the Bank of S. Japhet & Co. Ltd. earlier this year, for the controlling interest in West Canadian Mineral Holdings Ltd. In spite of the fact that our offer was more than generous, it was not accepted. The large block of shares in West Canadian that we had acquired in the open market have now been sold at a satisfactory profit. This will be reflected in the statement of earnings for 1967.

The operations of your marble subsidiary continue to expand, thus confirming the soundness of the decision entered into two years ago when this new division was started.

The year 1966 was marked by considerably increased rates of interest in mortgage financing, with an attendant inhibiting effect on new construction. That your Company's Management was able to surmount these difficulties and both maintain sales volume and increase earnings, should be a source of great pride to all shareholders.

OUTLOOK

Since the turn of the year, a noticeable easing in available mortgage monies and lowered loan rates has taken place. This has been more than helpful to us, in that it has resulted in stimulating new construction requiring our products.

The future prospects of the building industry are for continuous growth — a most important factor in the country's economy. With the natural inevitability of tides and seasons, a housing boom is coming. Children born during the postwar "baby boom" are now coming of age and will be forming their own households — substantially increasing the demand for housing.

All of these factors should have a most favourable effect on the earnings of MILTON BRICK CO. LIMITED, and Subsidiaries during the coming years.

Improved conditions in the stockmarket since the turn of the year have resulted in an increase in the value of your Company's Investment Portfolio, of something in excess of \$40,000.00.

In conclusion, I should like to publicly acknowledge the dedicated efforts contributed by our employees and associates, the assistance of our suppliers, and the continued encouragement on the part of our valued customers and shareholders.

On behalf of the Board of Directors (June 1, 1967)

J. T. BLUME, Chairman

SHARES LISTED — TORONTO STOCK EXCHANGE (Ticker symbol: MIL)

Offices and Plants: Toronto and Milton, Ontario, Canada

## OFFICERS:

J. T. Blume, President

L. B. Smart, Jr., Vice President

A. Serota, Treasurer

P. J. Egan, Assistant to President

B. Scher, Secretary

*Many people in the business community have expressed an interest in knowing more about our company.*

*In response, we submit a copy of our annual report which we hope may be of interest to you.*

*We will be pleased to supply you with additional copies on request.*





# Milton Brick Co. Limited

GLOBAL MARBLE OF CANADA LTD. — TRANSMIL P

*Consolidated*

December 31, 1966 with

## ASSETS

Current assets:	1966	1965
Cash, interest bearing deposits, and short term notes .....	\$ 250,895	175,398
Receivables:		
Trade accounts .....	179,716	222,703
Less allowances for doubtful receivables .....	4,000	4,000
	<u>175,716</u>	<u>218,703</u>
Mortgage principal due within one year .....	—	5,000
Other accounts .....	48,064	24,445
Net receivables .....	<u>223,780</u>	<u>248,148</u>
Inventories, at lower of cost or net realizable value .....	184,553	219,008
Prepaid expenses .....	29,406	41,865
Total current assets .....	<u>688,634</u>	<u>684,419</u>
Investments, at cost:		
Marketable securities		
(quoted value; 1966 - \$309,857; 1965 - \$291,373) .....	381,011	315,493
7% mortgage receivable less amount included in current assets .....	—	40,000
Total investments .....	<u>381,011</u>	<u>355,493</u>
Property, plant and equipment,		
at cost less depreciation and depletion (note 1):		
Land .....	146,000	146,000
Buildings .....	1,005,150	982,875
Machinery and equipment .....	746,453	752,214
	<u>1,897,603</u>	<u>1,881,089</u>
Less accumulated depreciation and depletion .....	1,375,161	1,388,765
Net property, plant and equipment .....	<u>522,442</u>	<u>492,324</u>
	<u>\$ 1,592,087</u>	<u>1,532,236</u>

### AUDITORS' REPORT

We have examined the consolidated balance sheet of Milton Brick Co. Limited and its subsidiaries for the year ended on that date. Our examination included a general review of the accounts and supporting documents as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of operations and subsidiaries at December 31, 1966 and the results of their operations for the year ended 1966 are consistent with that of the preceding year, except for the change in method of providing depreciation on the consolidated statement of source and application of funds presents fairly the information shown.

Toronto, Ontario.  
March 17, 1967.

# ited and Subsidiaries

PERTIES CORP., LTD. — REGAL TRANSPORT LIMITED



## Balance Sheet

Comparative figures for 1965

### LIABILITIES

Current liabilities:	1966	1965
Accounts payable and accrued expenses .....	\$ 41,780	73,186
Income taxes payable (note 2) .....	74,155	63,249
Other taxes payable .....	7,423	11,036
Total current liabilities .....	123,358	147,471
Shareholders' equity:		
Capital stock:		
Shares of no par value.		
Authorized 550,000 shares; issued 547,080 shares .....	672,621	672,621
Earned surplus .....	796,108	712,144
Total shareholders' equity .....	1,468,729	1,384,765

#### Notes:

1. The company has provided depreciation at rates less than those used in 1965 with the result that the charge for depreciation for the current year has been reduced by approximately \$12,000 and the net profit increased by the same amount.
2. The company has claimed for income tax purposes capital cost allowances in excess of amounts charged in the accounts and as a result income taxes have been reduced by \$94,500, of which \$18,100 is in respect of the current year.
3. Directors fees amounted to \$1,200 for 1966 and \$650 for 1965.

Approved on behalf of the Board:

J. T. BLUME, Director.

C. W. ROGERS, Director.

<u>\$ 1,592,087</u>	<u>1,532,236</u>
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#### THE SHAREHOLDERS

subsidiaries as of December 31, 1966 and the consolidated statement of profit and loss and the accounting procedures and such tests of accounting records and other supporting evidence

ent of profit and loss and earned surplus present fairly the financial position of the company that date, in accordance with generally accepted accounting principles applied on a basis ation as explained in note 1 to the balance sheet. Also, in our opinion, the accompanying n therein.

PEAT, MARWICK, MITCHELL & CO.,  
Chartered Accountants.



# Milton Brick Co. Limited and Subsidiaries

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

Year ended December 31, 1966 with comparative figures for 1965

	1966	1965
Operating profit before depreciation (note 3) .....	\$ 292,275	267,765
Less depreciation (note 1) .....	12,223	27,837
Operating profit .....	280,052	239,928
Other income:		
Interest and dividends .....	20,394	15,038
Royalties — net .....	59,494	50,733
Miscellaneous .....	2,134	14,282
Prior period adjustments .....	25,223	—
	107,245	80,053
Profit before income taxes .....	387,297	319,981
Income taxes (note 2) .....	170,666	134,500
Net profit .....	216,631	185,481
Earned surplus at beginning of year .....	712,144	581,371
	928,775	766,852
Dividends paid .....	132,667	54,708
Earned surplus at end of year .....	\$ 796,108	712,144

See accompanying notes to balance sheet.

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966 with comparative figures for 1965

	1966	1965
Funds provided:		
From operations:		
Net profit .....	\$ 216,631	185,481
Add charges not requiring cash expenditures:		
Depreciation less gain (loss) on sale of plant and equipment .....	11,731	36,207
Less gain on disposal of investments .....	—	14,366
	11,731	21,841
	228,362	207,322
Proceeds from repayment of mortgage .....	40,000	—
Proceeds from sale of plant and equipment .....	2,685	91,593
Total funds provided .....	271,047	298,915
Used as follows:		
Dividends .....	132,667	54,708
Purchases of investments — net .....	65,518	190,873
Purchases of fixed assets .....	44,534	15,692
	242,719	261,273
Addition to working capital (each year) .....	\$ 28,328	37,642

See accompanying notes to balance sheet.

## CERTIFICATE OF APPRAISAL

COOPER APPRAISALS LIMITED, a Company organized under the Laws of the Province of Ontario, with its Head Office in the City of Toronto, by its duly authorized officers, HEREBY CERTIFIES:—

- That it has made an Appraisal of fixed assets comprising LAND, BUILDINGS, MACHINERY and all EQUIPMENT of THE MILTON BRICK CO. LIMITED and ROLLING STOCK and EQUIPMENT of REGAL TRANSPORT LIMITED, owned by THE MILTON BRICK CO. LIMITED, MILTON, ONTARIO, as of November 16th, 1966.
- In the opinion of this Company the values of these assets are:  
Replacement Value New — “Replacement Cost” — Two Million, Four Hundred and Ninety-seven Thousand, Seven Hundred and Ten Dollars and Sixty-three Cents ..... **\$2,497,710.63**  
Depreciated Value — “Market Value” — One Million, Four Hundred and Sixty-nine Thousand, Five Hundred and Fifty Dollars ..... **\$1,469,550.00**

Dated at Toronto, Ontario, December 2nd, 1966.

COOPER APPRAISALS LIMITED  
(signed) F. C. Cart



The following table and notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which each became a Director of the Company (where applicable) and the number of shares beneficially owned by each of them:

Name	Position with Company &/or Other Occupation	Became Director	Shares bene- ficially held at date hereof
J. T. Blume	President & Chairman	Oct. 30'62	195,535
Joseph Pope	Proprietor, Pope & Company, Investment Firm	May 11'66	500
C. W. Rogers	President of Clifford Rogers, Ltd., Past President Industrial Realtors	May 12'65	300
A. Serota, C.A.	Treasurer		100
A. Gobert	Industrialist — Paris, France		106
D. A. Thompson	Investment Dealer		100
J. N. Berman	Berman and Rosenblatt, Barristers and Solicitors		100

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NOTES: In addition to the shares, as indicated above, beneficially owned by Mr. Blume, J. T. Blume, Inc. of which Mr. Blume is the principal shareholder, is the beneficial owner of 111,000 shares. Between them, they own 306,535 shares and if they vote together could cause to be elected a majority of the directors.

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#### REMUNERATION of Directors and Senior Officers:

Aggregate direct remuneration paid or payable by the Company and its subsidiaries to the Directors and the Senior Officers of the Company during the Company's Fiscal Year ended December

31st, 1966.

\$6,450.00



